

# THE TENNESSEAN

## Franklin based-Tasti D-Lite bets on hot trend as it opens Nashville store

By Randy McClain  
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With a pink-laced store design, few calories and a motto of "Dessert Your Guilt," the Tasti D-Lite chain is making a multimillion-dollar bet that Nashville's consumers will buy its brand of frozen desserts and help boost what had been a New York-based niche player into a national name.

The opening of the first local store this week comes roughly a year after Tasti D-Lite moved its headquarters here and reached a deal with franchisees to open at least 16 stores in Middle Tennessee. Nashville-based XMi Commercial Real Estate plans to open a 1,300-square-foot outlet at 2416 West End Ave., across from Centennial Park. XMi, backed by local entrepreneur Michael Shmerling, plans to partner with other local investors to open more storefronts under its original franchise contract.

Tasti D-Lite sells a frozen dairy dessert similar to frozen custard, with the texture of soft-serve ice cream. Calorie content is between 70 and 100 calories per serving, said Nikki Gahr Sells, vice president of franchise development.

Sells' business card — in a sort of corporate soft sell — lists her favorite flavor as Black Forest Cake. Tasti's time has arrived, Sells contends, saying that it can fill a niche in a local market short of dessert-only dining spots.

Nationally, a refreshed wave of frozen dessert and yogurt consumption seems to be driven by a couple of factors, analysts say — a generation of children who grew up eating healthier treats now having their own money to spend, and adults seeking foods with less sugar and reduced fat content.

On a national basis, Franklin-based investor James Amos, the former chairman and chief executive officer of Mail Boxes Etc., bought the Tasti D-Lite brand a little more than two years ago. His goal has been to beef up the store's appeal while trying to cash in on the low-calorie dessert craze.

Between 2003 and 2008, the ice cream and frozen dessert market grew by 16 percent to \$12.1 billion in revenue, with much of that growth in frozen yogurt categories, according to research firm Market-Research.com.

When Amos took over, Tasti had about three-dozen shops, mostly in New York and New Jersey, but it has since expanded to locations in Florida, Texas, Mexico, South Korea and elsewhere. By

year's end, officials say, 70 stores will be up and running, featuring a menu of more than 100 flavors.

### **500-store goal**

Amos and company hope to hit 500 stores within five years.

Chains such as Red Mango and Pinkberry — which Sells points out have limited menus compared with Tasti D-Lite's 100-plus flavors — have scored big on the West Coast with a low-calorie appeal of 70 to 90 calories per serving and sleek, colorful store designs.

Leonardo DiCaprio has a Red Mango yogurt machine in his office. Paris Hilton and Lindsay Lohan have been photographed clutching Pinkberry yogurt cups while ducking the paparazzi.

### **Big question**

A big question for Tasti D-Lite, and its top competitors, is whether it can mature into a true national brand in what is often a fickle marketplace. "We have very loyal customers and a wonderful nutritional profile," said Sells, a veteran of 26 years in franchising. She has been with Tasti a year and a half.

Sells describes Tasti's appeal as one that crosses generational boundaries and beats both Pinkberry and Red Mango in terms of variety and sweetness, while competing with each of them for low-calorie content. Tasti's concoctions come from a base mix of either vanilla or chocolate. Frequent diners will get text messages when their favorite flavor is featured on a particular day.

Other executives involved in Tasti's national operations — based in offices on Cool Springs Boulevard — have backgrounds with I Can't Believe It's Yogurt, Baskin-Robbins and Dippin' Dots.

Price points for the first store here are still being tinkered with, but area developer Joe Bullock with XMi said basic products will probably sell from under \$4 for a smaller serving to \$25 or \$30 for cakes and elaborate specialty items.

### **L.A. store on tap**

Also on tap as part of Tasti D-Lite's national strategy is the company's first store in Los Angeles, which Sells said should happen within six to 12 months.

Investors who secure a Tasti franchise typically face start-up costs in the \$250,000 to \$430,000 per unit range, including a one-time franchise fee that varies with the number of stores envisioned.

Tasti's corporate brain trust also charges a royalty of 5 percent of sales and an additional 2 percent fee for monthly marketing expenses.